

1 United States Utility Patent Application

2
3 Method of Managing Financial Investments on a Group Basis

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13 Continuation Data:

14 This application is a Continuation-in-Part of provisional
15 patent applications: serial number 60/270,412, which was filed
16 on February 21, 2001; and serial number 60/275,145, which was
17 filed on March 13, 2001.

Field of the Invention:

An annuity is a contract, sold by a commercial insurance company, that permits the contract owner thereof to accumulate assets that can be used, at a time selected by the contract owner, to pay benefits to the contract owner on a regular basis for the remainder of the annuitant's life or for another specified period of time. Generally the annuitant and contract owner are the same person. The amount of each payment received depends on the performance of the investments made by the contract owner or his/her manager. Underlying each annuity contract are investments in mutual funds, called subaccounts, which in turn invest in stocks, bonds, commercial paper, and government and agency obligations. Investments can also often be made in the insurance company's general account with the insurance company guaranteeing the amount so invested and interest for such investment. Annuity managers regularly rebalance the amount of annuity contract money invested in each type of investment in response to current financial conditions and in anticipation of distributions from the investments. Until the present invention, each annuity manager had to enter the

1 same information to rebalance, change or modify each investment
2 for each separate annuity contract. This has been a time
3 consuming, expensive and error prone area of annuity management.
4 The methods taught herein are applicable to most financial
5 transactions involving mutual funds, insurance and other
6 financial vehicles.

7
8 There are many patents in the field of financial
9 management, but none disclose, alone or in combination, the
10 methods of the instant invention used to manage groups of
11 annuity or financial contracts. For example, many patents teach
12 generalized financial tracking and planning methods including
13 U.S. Patent 5,644,727 to Atkins; U.S. Patent 5,745,706 to
14 Wolfberg; and U.S. Patent 5,844,285 to Atkins. U.S. Patent
15 5,819,230 to Christie et al. teaches a method for handling
16 mortgage and life insurance accounts. U.S. Patent 5,926,792
17 teaches a back office administration method for life insurance
18 administration. Patent 6,064,986 to Edelman and U.S. Patent
19 6,085,174 to Edelman teach a computer-assisted method for
20 maintenance of a customer investment and retirement program.
21 U.S. Patent 6,275,807 to Schirripa teaches a back office for
22 annuity management and insurance company.

Summary of the Invention:

An object of the instant invention is to provide a method for an annuity or financial manager to enter the desired information once for a defined group of annuity or financial contracts and for that information to be parsed to the individual contract, forwarded to, and acted on by financial institutions.

Another object of the instant invention is to provide a method that after individual contract information from the financial institution is recompiled into the annuity manager's defined groups, the results of the transaction is made available to the account manager, often automatically.

Another object of the instant invention is to provide an automated process for the entire group annuity or financial vehicle maintenance sequence, including the ability to execute group trades and re-balancing at pre-determined time intervals.

Description of the Preferred Embodiments:

The managing of individual annuities or other financial investments is a time consuming and expensive business. To be efficient, the annuity or financial manager needs to be able to quickly and efficiently make decisions and trades for large numbers of individual annuity contracts simultaneously.

Annuity contracts are handled on a contract by contract basis by financial institutions. The instant invention addresses the needs of the annuity manager to handle multiple annuity contracts on a group basis, while having access to the details of each individual contract, and of the financial institutions need to handle each contract on an individual basis.

It will be understood that the instant method will be applicable to new technologies hereinafter developed and may be performed on one or more computers that may be co-located or may be located at remote locations, without departing from the nature or spirit of this invention. The terms first computer system, second computer system, and financial institution

1 computer system, as used herein, are meant to represent block
2 diagramatic computer systems, which may physically be one or
3 more computer systems and/or may be connected by any presently
4 known, or developed in the future, communication system, such as
5 the current world wide internet connection.

6
7 In one preferred embodiment, there will be a first computer
8 system that can automatically contact a financial institution's
9 computer system enabling the execution of transactions on the
10 financial institution's computer system. Individual contract or
11 annuity information and transaction information is made
12 available to, and transaction information is received by, the
13 first computer system from the financial institution's computer
14 system.

15
16 A second computer system is connected to the first computer
17 system. Managers of annuities have access to the second computer
18 system and enter instructions and receive status reports from
19 the financial institution's computer system about individual or
20 group annuity transaction through the first computer system.

2 system, groups of multiple annuities on which the annuity
3 manager wishes to execute the same set of instructions.

4
5 The same set of instructions for a group of annuities is
6 sent from the second computer to the first computer. The first
7 computer decompiles the instructions affecting a group of
8 annuities into instructions for individual annuities and then
9 forwards the separate instruction to the financial institution's
10 computer to execute the instructions. The financial
11 institution's computer then responds back to the first computer
12 system with the results of the annuity contract and/or financial
13 information about the transaction. The first computer then
14 recompiles the transaction information back into the groups of
15 annuity contracts defined by the annuity manager. This
16 information is then forwarded from the first computer to the
17 second computer. The annuity manager can then access the results
18 of the transaction for both groups of annuities and for
19 individual annuities within each group from the second computer
20 system.

1 The management of a group of annuities is further
2 complicated by the differing trade cut off times for different
3 investments and different financial institutions. The instant
4 invention tracks the daily trade cut off time and automatically
5 advises the annuity or financial manager when trading on any
6 investment of interest has closed for the day. The instant
7 invention can also permit the annuity manager to automatically
8 or manually request that a re-allocation, or part of a re-
9 allocation be canceled, modified or otherwise amended before the
10 daily trading cut off time for individual or groups of
11 annuities.

12
13 Many annuities must maintain predetermined account balances
14 across various investments, which is complicated as the values
15 of the various investments change. The instant invention permits
16 automatic investment re-balancing to achieve and maintain preset
17 allocation goals on multiple bases such as to achieve a one time
18 target account re-allocation; a one time target re-allocation to
19 transfer all or a portion of the money from one or more
20 investments and distribute it amongst one or more other
21 investments by target percentages; execute regular, and pre-
22 timed targeted re-allocations, including to transfer all or a

1 portion of the money from one or more investments and to
2 redistribute it amongst other investments by target percentages.

3
4 Using the system taught by the instant invention, the
5 annuity manager, through instructions input into the second
6 computer, can modify, cancel, and/or adjust the investment
7 allocation supporting multiple annuities with one set of
8 instructions. Before the instant invention, each annuity
9 contract would need to be individually re-balanced, which would
10 be quite time and money consuming and prone to errors.

11
12 With each transaction, the financial institution's computer
13 generates status reports on the allocations of investments
14 managed by that financial institution. The status information is
15 then automatically forwarded to the first computer system and is
16 combined with financial account status information from the
17 other financial institution. This entire group of information is
18 then automatically recompiled and indexed against each
19 individual annuity contract and then into the annuity manager's
20 groups of annuities. This re-compiled information is then
21 forwarded to the second computer in a format so that the annuity
22 manager can access information for each investment, within each

1 annuity contract, and within each annuity manager's group. The
2 above transactions can occur without human intervention, which
3 greatly speeds the transaction time for each re-allocation and
4 reduces the chances for error in the execution of the re-
5 allocation.

6
7 For trades, the first computer automatically checks to see
8 that each member of the annuity manager defined group shares at
9 least one common financial characteristic in order for the
10 instant invention to be able to execute the change on each
11 common element. For trades, if there is not a common element, a
12 proper group has not been identified by the annuity manager. For
13 transactions other than trades a common element is not required.

14
15 The first computer also verifies that each individual
16 contract does not have an outstanding trade placed against that
17 contract which would negatively impact the trade for that group
18 of annuities. These error-checking features of the instant
19 invention make the entire annuity management process more
20 efficient.

1 The annuity or financial manager can form groups of
2 annuities on an ad hoc, as needed basis, or can define standing
3 groups of annuity contracts, such as those contracts which
4 accept high risk, or which must be maintained as low risk. The
5 first computer can be programmed to issue error messages when
6 re-allocations that would violate the group criteria are
7 requested. This feature of the instant invention improves the
8 reliability of the re-allocation process and provides a back up
9 for the instructions of the annuity manager.

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11 It is to be understood that while certain forms of the
12 present invention have been described herein, it is not to be
13 limited to the specific forms or arrangement of method described
14 and shown and herein and other forms of the invention can be
15 practiced as taught herein without departing from the nature and
16 spirit of the invention.

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